



THE MEDI-CAL PROGRAM

A BRIEF SUMMARY OF MAJOR EVENTS

INTRODUCTION

The California Medical Assistance Program (Medi-Cal) was established pursuant to Chapter 4, Statutes of 1965, by the Second Extraordinary Session of the California Legislature. The program was enacted to take advantage of federal funds made available by the 1965 Title XIX amendments to the Social Security Act. The stated purpose was to provide “basic and extended health care and related remedial or preventive services to recipients of public assistance and to medically needy aged and other persons, including such related social services as are necessary”.

A further intent of the program was that the medical care should be mainstream. Mainstream was defined as comparable to care purchased out of pocket or through private insurance. Prior to Medi-Cal many public assistance and medically needy persons were forced to rely on charitable institutions, especially county hospitals. These hospitals were generally prohibited by law from accepting paying patients.

The new program also required certain basic services be made available to all beneficiaries. Under the medical programs replaced by Medi-Cal, it was possible to deny medical services to adults in aid to needy children cases, but provide them to other adult beneficiaries.

The new federal law required the State to work towards general improvement in the amount and quality of medical care provided to beneficiaries, improvements in medical social services, and improvements in the organization and delivery of medical care to eligible beneficiaries.

This report is the latest in a report series that tracks key events in the evolution of the Medi-Cal Program. This annual update covers events that affected Medi-Cal in Calendar Year 2001 only. Copies of prior years reports are available upon request.

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HIGHLIGHTS OF 2001 PROGRAM CHANGES

The following discusses the major changes in Medi-Cal and related programs during calendar year 2001.

ABD Program Expansion, January 2001

As part of the Governor's Aging with Dignity Initiative, state law has been amended (AB 2877, Chapter 93, Statutes of 2000) to establish an income deduction to provide Medi-Cal benefits without a share of cost to aged, blind, and disabled (ABD) persons with income below 100% of the federal poverty level (FPL) with a \$230 disregard for an individual (131% of poverty) or \$310 for a couple (134% of poverty).

New aid codes 1H, 6H, 1U, and 6 U were activated to identify individuals and couples who qualify for FPL Program.

Undocumented alien beneficiaries in these aid codes will be eligible for restricted Medi-Cal benefits with no share of cost.

Continuing Eligibility – Children, January 2001

Assembly Bill 2900 (Chapter 945, Statutes of 2000) authorizes up to 12 months of continuing zero share of cost Medi-Cal eligibility from the point of application/annual redetermination to children in families whose circumstances result in a change to a share of cost or ineligibility for Medi-Cal. This continuing eligibility applies to children under 19 years of age as long as they reside in California.

SB 87 Redetermination Process, January 2001

Senate Bill 87 (Chapter 1088, Statutes of 2000) establishes criteria county welfare departments must follow in redetermining Medi-Cal eligibility for persons who are no longer eligible for CalWORKs or who report a change in circumstances that will impact their eligibility.

Elimination of the Quarterly Status Report.

The Budget Act of 2000 and AB 2877 (Chapter 93, Statutes of 2000) eliminated the quarterly status report for families eligible for Medi-Cal only as of January 1, 2001, and included funding for the increased eligibles expected because of this change. AB 2900 (Chapter 945, Statutes of 2000) provides continuing eligibility for children and SB 87 (Chapter 1088, Statutes of 2000)

provided continuing coverage without redetermination to persons discontinued from CalWORKs.

Out-of-State Aid to the Adoption of Children (AAP), January 2001

Senate Bill 1270 (Chapter 887, Statutes of 1999) implements Section 473A of Title IV of the Social Security Act to provide Medi-Cal to children living in California, who get Aid to the Adoption Assistance Program (AAP) payments from other states, without having to count the income of the adoptive parents.

Narcotic Analgesic Drugs, January 2001

The Medi-Cal List of Contract Drugs includes drugs for mild to moderate pain and drugs for severe pain. However, there are no drugs for moderate to severe pain. The Department will be adding narcotic analgesic drugs to the list. Vicodin was added on March 1, 2001, with strict prescribing and dispensing limits to maintain utilization control of this narcotic drug.

Prevnar (New Pneumococcal Vaccine), January 2001

Beginning January 1, 2001, the Department added Prevnar, a new pneumococcal vaccine, to the scope of Medi-Cal benefits. The vaccine's purpose is to immunize children against certain ear infections (pneumococcal otitis media) and pneumococcal meningitis. The federal Vaccines for Children (VFC) Program will cover the cost of the vaccine; consequently, the sole cost to Medi-Cal is the injection fee.

Genetic Disease Screening Increase, January 2001

The Hereditary Disorders Act (Section 125000 of the Health and Safety Code) requires screening of all newborns for heritable metabolic disorders, sickle cell disorders, and hereditary hemoglobins. The Genetic Disease Testing Program, which provides these screens, is required to be self-supporting by the collection of participation fees. The Department has promulgated regulations that increased these fees, effective January 1, 2001, from \$42 per screening to \$56 (\$55 for the fee and \$1 for specimen record forms).

Disproportionate Share Hospital Program, January 1, 2001

The Disproportionate Share Hospital (DSH) Program concluded the Fiscal Year (FY) 2000-01 with the release of \$66,585,365 to 135 eligible hospitals on March 7, 2002. The Department disbursed a total of \$1,991,239,020 DSH funds to 135 eligible hospitals in FY 2000-01.

Yolo County Partnership HealthPlan of California (PHC), March 2001

Solano County Organized Health Systems expanded into Yolo County beginning March 2001. This policy change shifts the costs from fee-for-service to managed care.

Serostim Prior Authorization, March 2001

Serostim (a human growth hormone) was automatically placed on the List of Contract Drugs when the FDA approved it as a treatment for AIDS wasting syndrome. Utilization of this drug has increased 33% since 1999, possibly due to inappropriate utilization. As a step toward reducing inappropriate use, beginning March 1, 2001, the Department restricted the use of this drug to 12 weeks on and 8 weeks off per patient. Subsequently, beginning August 1, 2001, the Department further tightened the restriction to 12 weeks on after which prior authorization is required.

Living Donor Liver Transplantation, May 2001

The Department is adding living donor liver transplantation to the scope of Medi-Cal benefits beginning May 1, 2001. Living donor transplants may be a transplant option for those patients with advanced symptomatic liver disease who do not have a matched cadaver liver and who have a poor prognosis for survival. This benefit will be restricted to centers that meet proposed Medi-Cal guidelines as centers for excellence.

Medical Abortion, July 2001

The U.S. Food and Drug Administration (FDA) approved mifepristone (RU-486) in combination with misoprostol as an effective and safe method of pregnancy termination in the first trimester.

Aids Waiver Increase, July 2001

Beginning July 1, 2001, the Department increased the rates of reimbursement to AIDS Waiver providers for case management, administration, and psychosocial counseling.

Dialysis Increase, August 2001

Medi-Cal regulation, (Cal. Code Regs., tit. 22, §51509.2) states that reimbursement policies for Dialysis Clinics are based upon Medicare reimbursement policies. Section 422(a)(1) of the Benefits Improvement and Protection Act of 2000 (BIPA) increased Medicare rates for these services by 2.4% effective January 1, 2001. A Medi-Cal increase of 2.4% is estimated to

annually cost \$1.75 million, including funding for dialysis in managed care plans.

Pap Smear Increase, August 2001

Beginning August 1, 2001, the Department will increase reimbursement for pap smear laboratory tests to equal the Medicare national fee schedule amounts. The estimated annual cost of this increase is \$3,019,000.

LTC Rate Adjustment, August 2001

For FY 2001-02, the Long-Term Care rate adjustment for nursing facilities and intermediate care facilities is estimated to be \$92,769,000 (\$46,069,000 GF).

Continuous Nursing Care Pilot Project, September 2001

AB 359 (Chapter 845, Statutes of 1999) requires the Department to establish a Section 1915(b) Waiver pilot program to provide continuous 24-hour nursing care to developmentally disabled patients in intermediate care facilities. The waiver application was submitted to the federal government on December 22, 2000, and the program began on September 1, 2001. Savings are based on the difference in institutional costs per day for ventilator and non-ventilator patients versus the costs for waiver ventilator and non-ventilator patients.

Dental Services for Pregnant Women, October 2001

The Department has added preventive periodontal services and periodontal treatment to the scope of Medi-Cal benefits for women in the pregnancy services only aid categories. The lack of preventive care and treatment has been documented as resulting in the subsequent delivery of preterm, low birth weight babies.

NOTE

For additional information about managed care, please refer to our new report entitled "2001 Managed Care Annual Statistical Report" which is available on the Internet. The Internet Home Page for Medical Care Statistics is <http://www.dhs.ca.gov/mcss>.